

The BRIDGE

The Credit Union Way to Economic Betterment

Official
Publication
of the
CREDIT UNION
NATIONAL
ASSOCIATION
Inc.



SEPTEMBER 1943

500,000 New Members

by January 31

FIVE hundred thousand new credit union members in the United States and Canada by January 31, 1944.

That is the goal of a credit union membership campaign plan approved by the directors of the Credit Union National Association, at the recently held annual meeting.

It is the first time in the history of the credit union movement for a membership campaign of this proportion.

Yet, it couldn't be more timely. The good to be accomplished by an international membership drive now, is clearly and reasonably stated by Cuna's Educational Committee in the report it submitted to the National Board regarding this drive.

In part the report read:

"The proposal presented in the following paragraphs is predicated on the theory that credit union leaders need join hands in at least one common effort during 1943 which will (1) revitalize the urge to render credit union service to the maximum number of persons, (2) recreate a progressive attitude toward our more profound problems, and (3) reawaken our senses to the potential power of the movement.

"It is proposed that Cuna sponsor and promote a campaign during the fall of 1943 whereby a half million persons will be added to the membership of credit unions. Successful accomplishment in this campaign will require careful planning and direction by the Executive Committee, Cuna staff and the united support of all leagues and chapters."

After outlining the general organizational setup and program needed if the drive were to be successful, this report also stated:

"Some may wonder why this is a proposal of the Educational Committee. That can best be answered by the following specific reasons and expected accomplishments through adding half a million new members:

"1. There is much need to change from the defensive to the offensive. This can only be accomplished by an intensive promotional campaign to educate potential membership in credit unions already organized. Since Pearl Harbor the percentage of members served to the potential field has been materially decreased through the

changes and additions of employee personnel. There is no question but that each credit union should be serving many more members.

"2. There is much talk about the post-war period. Action now will mean that credit unions can enter that period in a much stronger position providing they are serving the greatest number of persons. We feel that it is our privilege and duty to aid in the War and the Peace by encouraging the maximum participation in credit union thrift among the greatest number of members.

"3. The 12½% increase means much more than a mere mathematical calculation. Many credit unions can solve the idle money question by an intelligent increase in their services to more people within their fields of membership.

"Also, in the days of readjustment following the war an expanded credit union program can be definitely expected from people who once enjoyed credit union membership privileges and opportunities.

"4. An affirmative approach is needed in many credit unions toward their problems. It is true that this was the impetus that made the credit union possible. However, on account of many changes in leadership and on account of conditions since Pearl Harbor too many credit unions have resolved themselves into one man organizations.

"5. The educational opportunities of such a combined effort are unlimited. An attempt will be made to tell the credit union story to better than half a million people by direct and personal contact. It will revive interest in our present four million members in the United States and Canada. Our neighbors and potential groups are bound to be attracted to the credit union plan through the chapter and local credit union committee-men activity in the project."

The opening gun of the membership drive will be fired November 1. By January 31 it is expected 500,000 new credit union members will have been obtained.

This drive is a challenge and an opportunity for the credit union movement.

Watch coming issues of **THE BRIDGE** for details of how to launch a membership campaign in your credit union.

THE BRIDGE

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J. ORRIN SHIPE, Editor

HOWARD C. CUSTER, Associate Editor

RICHARD GILES, Assoc. Ed. Of Military Leave

CHAS. G. HYLAND, Business Manager

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Coming NEXT Month:

"Legislative Roundup." A tour of the states for legislative news of the year.

"The Credit Committee—The Heart of the Credit Union." The second of a series of practical articles on various phases of credit union operations. The first is in this issue, page 206.

CUNA

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DORA MAXWELL, Organizat'n Dir.....	Brooklyn, N.Y.

J. ORRIN SHIPE, Educational Dir..... Madison, Wis.

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“Spirit of Jahco”

In thirty days the Jahco Credit Union, Inc., operated by employees of Jack & Heintz, Inc., Bedford, Ohio, sold \$532,868.75 worth of war bonds, even though 15 per cent of the employees' salaries were already earmarked for bonds on the payroll savings plan. As a result a bomber is being named the "Spirit of Jahco." This achievement was given national recognition by radio commentators Drew Pearson and Earl Godwin.

The fine war production record of these workers, and the splendid cooperation between management and labor, has received national publicity, and was the subject of a recent news reel.

Members of the credit union's official family shown above are Anna Broth, director; Anne Lestock, vice-president and director; Bud Robison, president and treasurer; Elmer Tait, assistant treasurer; and Marjorie Sobeck, secretary to the president.

Shown below in action is the company's War Bond Division, which is closely associated with the credit union, and which issues all bonds purchased on the payroll savings plan.



Buy a Bomber

BUY a bomber and help to win the war. It's easy. Many credit unions and nearly all chapters can buy a bomber for Uncle Sam's fighting forces. And in addition you can have the bomber named for your credit union or your chapter.

Here's how:

A "Buy a Bomber" campaign may be instituted at any time by a credit union or a chapter, with the following stipulations:

1. A specific period of time must be designated, within which the campaign is to be completed.

2. The campaign must be announced for the sole purpose of promoting extra bond buying. The total result to equal the purchase of a bomber.

3. Announcement of plane costs must conform to the following:

- a. Pursuit Ship \$ 75,000
- b. Medium Bomber 175,000
- c. Heavy Bomber 350,000

4. Only one bomber can be named for each credit union or chapter.

5. The name selected must utilize a minimum of words and should more or less conform to the following examples:

- a. Spirit of Jahco
- b. Des Moines Credit Unions

6. Authority for the origination, projection, completion, and certification of a bomber campaign is vested with the State Administrator for the War Savings Staff. He must approve the campaign, apply the rules, set the time limit and certify the result.

According to availability, a bomber is selected, the name is stenciled on the nose and pictures are taken by the Army Signal Corps of the ship with the name in place.

No ceremonies are permitted and no representation from the purchasing groups is allowed when a plane is christened and when photographs are made.

The pictures, in due course, are released by the State Administrator to the various communities for local publication to show those who participated what their "Buy a Bomber" campaign accomplished.

Let's blast the Axis with credit union bombers.

1ST PARISH CREDIT UNION FORMED IN K. C. AREA

BISHOP COMMENDS CREDIT UNION MOVEMENT

The Register has the International News Service, Miller and Rich, the N.Y.C. News Service, University Press, and other news services. The Register is published weekly, except during the summer months, when it is published monthly. The Register is a member of the National Catholic Press Association.

Edition of the Diocese of Kansas City THE REGISTERS Edition of the Diocese of Kansas City

THE REGISTERS

St. Vincent's is Planning St. Vincent's Credit Union Leaders From To Organize Credit Union To Hold Session Jan. 18 Parish Units ST. VINCENT'S PARISH HONORS TREASURER OF CREDIT UNION

Credit Union Boards Will Convene April 5

Ordinary Addresses Joint Meeting

We Organized a PARISH Credit Union

By Richard T Lagerman

THOSE of us active in industrial credit unions often wish we could make credit union service available to persons outside our groups. Someone may come to us who needs this service badly, very anxious to have us solve his problem. In some cases we may be able to advise him to interest his own fellow workers in organizing a credit union, and we may help him to do so. This, however, is often not feasible. His employment group may not be eligible for a credit union. For this reason the credit union movement if it is to render maximum service, must expand beyond industrial organization.

A very promising answer to this problem is the organization of parish credit unions. Quite a few of these are operating already, notably in Ohio, and I am sure that many more will be organized in the future, and that they will do much to take up the slack left by industrial groups.

SOME such thoughts as these were, I believe, in my mind on January 19, 1942, when following a meeting of the Holy Name Society I talked "credit union" with our pastor, Father Flannery. I was serving as secretary-treasurer of the Colgate-Palmolive-Peet Employees Credit Union, and so the idea came to me naturally that St. Vincent parishioners should have the benefit of credit union service.

At this time Father Flannery was

unacquainted with credit union work and philosophy (there were then no parish credit unions in the Kansas City area). He became interested immediately, however, and we discussed the subject at some length. We agreed that St. Vincent should have a credit union and he undertook to obtain permission to organize from Bishop O'Hara.

Finding Bishop O'Hara enthusiastic over the idea, and well acquainted with the credit union movement, Father Flannery asked that I lay plans for organizing the credit union, and report back to him.

It seemed that we were about to get under way, but in March the parish lost by fire its recreation and meeting hall. This was a severe blow which occupied all of the attention of the pastor and his assistants for the next two months. Subsequently preparation for Bishop O'Hara's confirmation visit on May 10 and the imminence of the summer months caused us to lay the matter aside until the Holy Name Society reconvened in September.

A lively, though short, discussion took place when I introduced the subject at the September meeting of the Society. At the suggestion of Father Flannery, President Roy Nichols announced that the October meeting would be devoted to a consideration of the organization of a parish credit union for St. Vincent's. I was instructed to prepare for presentation at that time a detailed report on the organization and operation of a credit union.

In October, the National Catholic Charities Convention met in Kansas City. A discussion of parish credit unions in this convention gave added impetus to the organization of St. Vincent's Credit Union. Immediately aft-

erward Lee O'Brien, managing director of the Missouri Mutual Credit League, without knowing that organization was already being contemplated, contacted Father Flannery. As a result Lee and I got together on the undertaking.

Now we really were under way. After my report at the October meeting of the Holy Name Society, credit unions were given a thorough discussion and it was decided to call a meeting of the key men of the parish on October 30, 1942.

On that date, the following persons met at the Rectory with Father Flannery: Lee O'Brien, J. E. Loving, Charles A. Balling, H. F. Watson, Alfred Meiners, H. J. Koogle, and myself. Mr. Loving, like myself, was an experienced credit union man, being a member of the Rock Island Employees Credit Union.

Following talks by Mr. O'Brien and myself, a half hour was devoted to questions and answers. It was then voted to organize St. Vincent's Credit Union and to apply to the State of Missouri for a charter. The following persons signed the charter application: Rev. James Flannery, C.M., J. E. Loving, Charles A. Balling, H. F. Wilson, Alfred Meiners, H. J. Koogle, and Richard T. Lagerman.

Six members subscribed for shares; and \$31.50 was collected.

Alfred Meiners was chosen temporary secretary-treasurer and key man to act for the credit union until the first annual meeting of the members, called for Monday, November 9, 1942, at 8 p.m., in the Parish Cafeteria.

A list of nominations for board and committee members was set up for presentation to the members. Father Flannery volunteered to contact those nominated to ascertain whether they

Dick Lagerman, president of St. Vincent's Credit Union, is also secretary-treasurer of the Colgate-Palmolive-Peet Employees Credit Union and president of the Eastern Credit Union Chapter (Kansas). He was 1942 chairman of his chapter Bridge committee; now serves on the Kansas City, Kansas-Wyandotte County Victory Fund Committee.

would be willing to serve, if elected. Following his report, ballots were printed and notices setting forth the date and place of the membership meeting were prepared. These were contributed by the Colgate-Palmolive-Peet Company.

ON Sunday, November 8, Father Flannery very kindly announced from the pulpit at all the Masses that a meeting of the people of the parish was called for the following Monday evening, to consider the organization of a parish credit union. The purposes and benefits of such an organization were outlined from the pulpit.

Six hundred notices of the meeting were distributed at the Masses, as well as the same number of "Three Million Amateur Bankers" which had been donated by the Missouri Mutual Credit League.

The day of the meeting dawned beautifully, but during the afternoon a cold mist and rain started falling. This caused considerable anxiety about the attendance at the meeting, but an hour before the meeting the wind veered. By meeting time the atmosphere had cleared and the streets were again dry. Fifty-four parishioners were in the cafeteria

when Father Flannery called the meeting to order.

Lee O'Brien and I again gave short explanatory talks, and Father Flannery then asked Lee to preside for the rest of the evening.

At this point Miss Julia Connor, former managing director of the Pennsylvania Credit Union League, was recognized in the audience and introduced by the chairman. After she explained that she was now a member of the parish, her name was added to the list of nominations for membership on the board of directors.

It was voted that all those present be considered as members, for the purpose of election of officers. I sincerely regret that a list of the names of those present was not obtained. I fear that this valuable information has been lost, and recommend that those of us who may in the future have the good fortune to help organize credit unions, obtain the names of those present at the organization meetings.

Following are the first directors and committee members of the credit union elected at the meeting:

Credit Committee: Alfred Meiners, Robert Mullin, and Roy Nichols.

Supervisory Committee: E. S. King, H. J. Koogler, and Mrs. Thomas Ross.

Board of Directors: James P. Gra-

ham, Miss Julia Connor, Richard T. Lagerman, Charles Balling, J. E. Loving, Jack Regan, and H. F. Watson.

It was voted that the names of all those subscribing for shares at the meeting would be recorded as charter members. Forty-one members signed up at that time. Share deposits totaling \$51.25 were made, so that at the adjournment of the organization meeting St. Vincent's Credit Union had 47 members, and assets of \$82.75.

In meetings immediately following the membership meeting the supervisory committee chose Alfred Meiners its chairman; the credit committee named E. S. King chairman; and the directors elected James P. Graham, treasurer; Miss Julia Connor, secretary; Richard T. Lagerman, president; and Charles Balling, vice-president.

At this first board meeting it was voted to:

1. Affiliate with the Missouri State League, and thus with the Credit Union National Association and the local Chapter.

2. Apply for Cuna Mutual Loan Protection Insurance.

3. Bond the treasurer through Cuna Insurance Research Division.

4. Place a maximum on loans to any one person at \$500.

**WE'RE OFF
LET'S GO!**

**JOIN
YOUR
CREDIT UNION**

IT'S EASY TO GET AHEAD
IF YOU USE YOUR
CREDIT UNION

Budget your finances.
Build up a savings
account.
Borrow when you need
to.
Control your money
affairs.

ST. VINCENT'S CREDIT UNION
3117 PASCO

COME IN - GET ACQUAINTED!
Sundays - 9 to 12 Noon.
Tuesdays - 7 to 9 P.M.

Too close to the WOODS to see the TREES?
or
How well do YOU know YOUR CREDIT UNION?

You have heard your friends say "How the dickens do I get into
messes like this?"
Credit Union Treasurers often hear "Why didn't I know about the
Credit Union?"

So that we might avoid the first and accomplish the latter, let's
take a look at the following:

YOU BORROW \$16.00 FOR 12 MONTHS		AND PAY:			
		LOAN COMPANY X			
Jan.	\$8.00	\$.96	Jan.	\$8.00	\$2.98
Feb.	\$8.00	.89	Feb.	\$8.00	2.64
Mar.	\$8.00	.80	Mar.	\$8.00	2.40
Apr.	\$8.00	.72	Apr.	\$8.00	2.16
May	\$8.00	.64	May	\$8.00	1.92
June	\$8.00	.56	June	\$8.00	1.68
July	\$8.00	.48	July	\$8.00	1.44
Aug.	\$8.00	.40	Aug.	\$8.00	1.20
Sept.	\$8.00	.32	Sept.	\$8.00	.96
Oct.	\$8.00	.24	Oct.	\$8.00	.72
Nov.	\$8.00	.16	Nov.	\$8.00	.48
Dec.	\$8.00	.08	Dec.	\$8.00	.24
	<u>\$8.00</u>	<u>\$2.40</u>		<u>\$8.00</u>	<u>\$16.72</u>

Want to know? New dress for the Missus! — Shoes for the
Kiddies!

USE YOUR CREDIT UNION

5. Place a maximum of \$50 on loans without collateral.

6. Establish the interest rate on loans at 1 percent per month on the unpaid balance.

7. Not require a minimum of one \$5 share before granting loan privilege.

8. Not require, but to encourage, borrowers to adopt a regular share savings plan.

9. Create Petty Cash Fund of \$10, and to authorize the treasurer to incur and pay expense items in amounts not to exceed \$10 without board approval.

10. Not place a maximum on the amount of share holdings per individual.

11. Authorize treasurer to open account with Linwood State Bank.

12. Require two signatures on checks—namely, those of the president and of the treasurer, and to authorize the vice president to sign checks as alternate for the president or the treasurer, but not for both.

At the end of our first four months of operation we had 91 members and 16 borrowers. Our share capital was \$1,378.25; our loans outstanding, \$1,098.62.

St. Vincent's Credit Union is more than ordinarily fortunate, and may indeed be proud, to have such a staunch supporter and credit union enthusiast as our pastor, Father Flannery. It is, of course, also fortunate for a young credit union to have on its board of directors three persons well acquainted with credit union ideals and experienced in credit union operation, as Miss Connor, Mr. Loving, and I happened to be.

SINCE this purports to be a history, I suppose I should stop here. I believe, however, that some comment upon our educational activities would be helpful to others organizing parish credit unions.

From the beginning, it has been the practice to appoint each month two persons from the board or committees to serve for the month as a special committee which, for want of a better name, has been termed the "Publicity Committee." This committee really works and has shown results. In the four months of its existence the credit union has had four articles in the diocesan newspaper "The Catholic Register," each of them under banner headlines.

Not one Sunday has passed without at least one good notice in the parish periodical "The Vincentian," of which 700 copies are distributed and read. For this space in "The Vincentian" we are deeply grateful to Father Flannery and Father Lang. We have Father Flannery and his assistants also to thank for fine and frequent

announcements from the pulpit concerning the credit union.

Payroll inserts purchased from the League were also enclosed in the mailing of parish annual statements which went to all parishioners.

Hand bills designed by the publicity committee have been used frequently with good results.

A letter written to the president of The Alter Society resulted in six new members the following Sunday.

If we have achieved a measure of success—and I think we have—the credit belongs to no one person. All the committees and board members have been equally enthusiastic and have operated as one well-oiled machine.

THE BRIDGE frequently states that a good treasurer is the pivot about which the entire credit union revolves. This is particularly true in the case of our treasurer, Mr. James P. Graham. Mr. Graham is bookkeeper as well as treasurer, and serves without monetary compensation. Yet he keeps himself available at all times. Members feel no embarrassment in turning to him for consultation. They go to him for advice as they would their father (he is 70 years old), and so we are grateful to our treasurer for his enthusiasm and tact as our "front man."

I have said before that Father Flannery is a credit union enthusiast. In his enthusiasm and confidence in the credit union movement he has been more than generous in furnishing the credit union without cost to it an office and meeting place. We have the lower floor of the house next to the church, and so have committee rooms as well

as office space. This is, of course, important, as it provides an office convenient to the parishioners.

About one month after organization a sign similar to those outside English tearooms, identifying the house as the credit union office, was donated. This has been instrumental in bringing in quite a few parishioners.

Large size posters, obtained from the Missouri League, are displayed in two of the windows of this office. We have eight of these posters, which we rotate over a monthly period. These too, increase interest and bring inquiry.

Our greatest pleasure came on the night of the second annual meeting, which was held on January 19, 1943. Despite a biting north wind of near-tornado proportions, the temperature standing at five below zero, and a driving snow, 26 members and as many visitors attended the meeting.

For the benefit of those whose future pleasure it might be to serve on boards or committees, I wish to emphasize that the big job is to keep the credit union before the membership and potential membership at all times. Overlook no means of publicising the credit union. Even a small piece of paper bearing simply the name of the credit union, given wide distribution among the parishioners in the absence of any other material, would be beneficial.

I know many credit union folks will disagree with me regarding this, but it is evident that before the benefits of credit union saving and borrowing can be extended to the parishioners, the credit union first must have informed members.

St. Vincent's Second Annual Meeting

Preparation

AT the Board meeting of January 6, 1943, plans were laid for the second annual meeting. The matter of attendance at the annual meeting was discussed at some length. Since it was known that some credit unions had difficulty in obtaining a quorum for their meetings, and since it was our desire to have as many as possible of the non-member parishioners present, it was decided to include entertainment in the program and to publicize the meeting to the limit of our ability. Accordingly, the following committees were appointed:

Committee on Publicity
Committee on Program
Committee on Entertainment
Committee on Door Prizes
Committee on Credentials
Committee for Moving Piano.

St. Vincent's Board Meets

All committees agreed to report back at a special meeting called for Sunday, January 11.

The Publicity Committee reported:

1. That, through the cooperation of Father Flannery, a prepared announcement would be read from the pulpit at all of the Masses on Sunday, January 11, and another prepared announcement would be read from the pulpit at all Masses on Sunday, January 18.

2. That a notice of the meeting and announcement relative to the program would appear in the January 18th issue of the Diocesan newspaper, "The Catholic Register."

3. That "The Catholic Register" had promised a follow-up article relative to the meeting in their issue of Sunday, January 25th.

4. That, through the cooperation of Father Flannery and Father Lang, a notice of the meeting would appear in the Parish periodical, "The Vincentian" on Sunday, January 11, and that "The Vincentian" of January 18 would carry a full page relative to the annual meeting, the program, prizes and the purposes and benefits of the Credit Union.

5. That 600 handbills would be distributed on Sunday, January 18.

The Committee on Entertainment reported:

1. That eight members of the St. Vincent's Choir, including the Directress and Accompanist, would provide two voice numbers.

2. That the choir directress would lead in community singing.

3. That the Missouri League would furnish a recording relative to credit unions.

The Committee on Program reported that:

1. Mr. Lee J. O'Brien, Acting Managing Director of The Missouri Mutual Credit League would attend.

2. Monsignor McKay of St. Peter's Parish would attend.

3. Our pastor, Father Flannery, and his assistants would attend.

On Tuesday, January 12, the Committee on Moving the Piano reported it had found a parishioner who was manager of a moving company, who had agreed to furnish one man and the equipment, if the credit union would furnish three men to assist.

The Committee on Door Prizes reported that the members of the board and members of the credit and supervisory committees had donated thirty door prizes and that Father Lang had donated tickets which contained numbered door tickets and correspond-



ingly numbered stubs for use in drawing for door prizes.

The Meeting

Boy, what a night!

When we awakened Monday morning, our hearts sank, for a blizzard was blowing. This increased in intensity until by evening the temperature stood at 5° below zero, about five inches of snow had fallen and a gale right off the North Pole was howling. It was impossible, of course, to reach our members, and we didn't dare call off the meeting, as obviously those who ventured out on a night like this would never return to another meeting if they were disappointed this night.

When I arrived at the cafeteria at 8 o'clock, Father Flannery, Mr. Turner, Mr. Balling and Mr. Koogle were present. Mr. O'Brien came in next and we all stood about with long faces, predicting "no meeting."

At 8:15 p.m., the situation was the same, only more of it. BUT—(hold your hats)—at 8:30 p.m., twenty-six members and as many visitors were present. If I live to be 100 and attend as many annual meetings, I shall never forget the thrill of seeing these parishioners drift in by two's, three's and four's. Neither shall I cease to be grateful to the heroes who turned out that night.

The Committee on Moving the Piano, after some good-natured kidding, decided, too, to be heroes, and, donning coats, hats and gloves, ventured out into the storm and moved the piano from the credit union office to the cafeteria (nearly half a city block). Father Flannery saying, "What's good enough for them is good enough for me," proceeded to help, and proved to be the only casualty. He broke his pocket watch when someone slipped and he found himself alone on one end of the durn piano.

The meeting was called to order at

8:45 p.m. In my report as president, the first item of business, I reviewed the progress made, and the actions taken, by the credit union since its organization two and one-half months before. I tried also to stress, especially for the benefit of the newcomers present, the importance and significance of the credit union to its members as Americans and as good Catholics. I congratulated the members on the progress made, thanked Father Flannery, Treasurer Graham, Secretary Connor, and the committees, for their contributions, and challenged the members to back the credit union program to the utmost.

Treasurer James P. Graham next reported that the 75 members (nearly one-fifth of the parishioners) had accumulated share capital totaling \$880.75, as of December 31, 1942, and that outstanding loans at that time had accounted for \$430, leaving \$452 as the cash balance. From the floor, Mr. O'Brien congratulated the members upon the fact that they had already made enough to pay their organization expenses.

Credit Committee Chairman Alfred Meiners reported that six loans amounting to \$430 had been granted, reviewed the method of handling loans, and introduced the members of his committee, thanking them for their cooperation.

Supervisory Committee Chairman Edward S. King reported that his committee had already audited the credit union's books twice and had found the records in excellent shape. He commended the work of Treasurer Graham. He also introduced and thanked his fellow committeemen.

Father Flannery was then introduced. He said he only regretted that Bishop O'Hara was not present, and continued, "As far as I know the credit union is working perfectly. I have heard no complaints and I am

(Continued on page 210)

WHILE credit unions generally are proud of the many ways in which they differ from other agencies dealing in small loans most of them admit that they share one common worry, the delinquent borrower. It would appear that delinquencies in the main spring from the following causes:

1. The heavy turnover in employment due to the war program.
2. Preoccupation on the part of all of us with the progress of the war.
3. Advances in living costs which fall hardest on those whose salaries have remained more or less fixed.
4. Regulation "W" with its restrictions; particularly those which severely limit the refinancing of loans.
5. Lack of a prompt and firm but sympathetic follow-up program.

The problem of regaining control of delinquent loans is not insurmountable and if approached with determination and vigor, can be overcome. And overcome it must be, if we are to enter the post war period with a strong and healthy credit union movement.

The following plan is, therefore, recommended for serious consideration by boards of directors faced with

to take any steps toward collecting a delinquent loan until the account is over two months in arrears. This is a mistake because experience shows that the longer a borrower goes without making payments on his loan the harder it is for him to start paying again.

And now for the plan itself—the Five Steps:

1. **WITHIN 5 days after the first payment is missed a form letter somewhat along these lines is sent to the borrower:**

"Dear Member:

"According to the records of your credit union, you have missed the payment on your loan due.....

"Possibly this was an oversight on your part. You understand, of course, that it is important that you make these payments on or before they are due. Your interest as well as that of your fellow credit union members,

that the credit union is aware of his delinquency.

2. **IF the first note is ignored then within five days after the following pay day a second notice is sent to the delinquent borrower with a copy to the comaker, if any. Here is a suggested form for this letter.**

"Dear Member:

"Payment on the loan you obtained from your credit union due on..... has not been received according to our records. This is the second notice which has been sent to you regarding this matter and we must insist that the installments in arrears are made up without delay.

"As you know, the credit union is a cooperative organization and the money which you borrowed was saved by the members. We are looking to you to keep faith with them and to repay the loan in accordance with the terms of the contract.

Five Steps in the control of delinquent loans

this problem. It is designed primarily to prevent delinquencies but some of the steps could be applied to delinquencies of long standing. The plan which is presented below has been tried with excellent results.

The board of directors should agree upon the plan and authorize the necessary funds to implement it. For example, if the letters are to be "form" letters, mimeographing as well as postage expense must be provided for. Also responsibility for the various steps should be definitely determined. The directors should decide which of their number or of the rank and file members has the necessary tact and firmness to do the job and the time to consistently follow through.

The treasurer, unless he is a full time treasurer or is otherwise able to devote the necessary time to the undertaking, should not be burdened with the details of the program. He will have enough to do in maintaining the records in such a manner that it can be readily determined when a borrower becomes delinquent.

The success of this program depends largely upon the promptness with which it is put into operation. Many credit union officials seem to feel that it is neither necessary nor advisable

who have intrusted their money to you, dictates this conclusion. The credit of one who meets his obligations promptly is one of his most valuable possessions.

"If your circumstances have altered since you made this loan so that you need further financial assistance, why don't you bring your new problem to the credit committee? Very likely new arrangements can be made.

"But, in any case, let us hear from you promptly. We will gladly do all we can to help you. We are here to serve all credit union members.

Very truly yours,
BOARD OF DIRECTORS
By

SAVE REGULARLY BORROW WHEN IN NEED REPAY PROMPTLY

You will notice that the tone of the letter is friendly and that it assumes that the borrower inadvertently overlooked making the payment, or that he is facing unexpected difficulties in making the payment. It is also important that the notice go out promptly, on the assumption that the borrower may still have sufficient funds left to make the payment and also to impress upon his mind the fact

"A copy of this notice is being sent to your comakers because they, of course, are also vitally concerned.

Very truly yours,
BOARD OF DIRECTORS
By

You will notice that the tone is much more positive and that this letter assumes that the borrower purposely missed the second payment. It is important that a copy be sent to the comaker since he too is liable on the note. A brief note written in long-hand on this second notice is often effective in bringing the borrower in to discuss the case with the treasurer.

3. **IF however the second note fails in its purpose then sometime between the third and fourth due-dates, two members of the official staff or of a special delinquent loan committee should call upon the borrower personally.**

It may not be necessary for more than one person to call, although in certain instances two are advisable. The impression given by two officials emphasizes the seriousness of the situation and also makes it possible to corroborate the story of the borrower. This visit offers an excellent oppor-

tunity to do a real educational job and lets the borrower know that the credit union is interested in his welfare. If the member is conscientious and facing unforeseen emergencies he should be encouraged to see the credit committee about refinancing the loan. A full report should of course be made of this visit for the records.

4. IF the foregoing efforts are futile, send a notice after the fourth payment has been missed, advising the borrower that positive action will be taken. A copy of this notice should also be sent to the comaker if any. The following letter is offered as a suggestion.

Dear Member:

"Although we have written to you twice and a member of the board of

by **Don C. Candland**

directors (or members of the delinquent loan committee) has (or have) discussed this matter with you, satisfactory arrangements for the liquidation of the loan have not been made.

"We regret, therefore, that it has become necessary to request your co-makers to repay this loan (or to enter suit for the repayment of the loan). This action will be taken on..... unless you call at the credit union office personally and make satisfactory arrangements for bringing your account up to date.

Very truly yours,

BOARD OF DIRECTORS

By

You will notice that this letter fixes a definite time limit for the borrower to make suitable arrangements to bring his loan up to date. Although this may be a "form" letter, it is preferable to write it on an individual basis and weave into it the information which has previously been gained regarding the borrower, his circumstances and promises to the credit union.

5. TAKE the action threatened in the previous letter at the time stated in that letter.

It is important that there be no delay in following through on the warning which has been given to the borrower. By the time the fifth step is reached the credit union will have a good idea as to his sincerity and ability to meet the terms of his note.

Where a borrower is allowed to continue delinquent for a number of weeks, the credit union may be doing a positive disservice. It is encourag-



Don C. Candland is Principal Credit Union Examiner in the New York office of the Federal Deposit Insurance Corporation, with active supervision of Federal credit unions in the states of Delaware, New Jersey, and New York. Until recently he held a similar position in the Madison office of the Corporation, serving the states of Wisconsin, Michigan, and Indiana.

Prior to May 1942, when the section was transferred to the Corporation from the Farm Credit Administration, he had been active in the supervision of Federal credit unions for five years, first as a Credit Union Representative and then as a Reviewer in the Washington office.

forts to collect delinquent loans will be much more effective. Moreover, it is important that delinquent loans be kept under control from the outset because it is much easier to deal with a few of them than it is with a large number. Experience to date clearly shows that 95 per cent of delinquency among credit union borrowers is caused by carelessness. The remaining 5 per cent may be attributable to causes beyond the borrowers' control. Directors and committee members should therefore not be timid about approaching fellow workers on the subject of their delinquent loans. Unless there are extenuating circumstances any members who become so careless that they allow their loans to go through the fifth stage described above deserve little consideration and sympathy from the officials to whom the members have entrusted their financial institution.

The best way to control delinquent loans is to prevent them.



Participants in the 1943 annual meeting of the Arizona Credit Union League. They, and the officers they elected for the coming year, are:

Front—C. F. Hart, director; Wayne Morris, director; J. L. Bammerlin, national director; Richard M. Bressman, alternate national director; Ed. Y. Palmer, director; E. C. Pendleton; W. J. Eden, managing director.

Back—J. B. Chumbley; R. D. Fink, director; J. W. Parker, Jr.; John T. Knagge, director; Theodore Pustarfi; M. M. Bradley; Fred T. Summerfield, secretary-treasurer; G. T. Young; Thomas S. McCurnin, vice president.

Essential facts that every director should know about

bonding credit union employees

WEBSTER says—A surety bond is a pledge of property or security guaranteeing that a person in a position of trust will discharge his duties properly. When a surety company (bonding company) issues a bond covering a certain named person or a bond covering any person who may occupy a certain named position, it pledges its assets to insure the holder of the bond against loss which may be caused by the dishonest acts of the person bonded, if the bond be a "Dishonesty Bond," or if the bond be a "Faithful Performance Bond", it in addition to covering acts of dishonesty, covers loss caused by the failure of the individual to faithfully perform his duties.

CUNA Insurance Research Division of Credit Union National Association is a division of CUNA service, the personnel of which devotes itself to continuous study of insurance protection available to credit unions. The improvement of bond forms to provide comprehensive protection and meet the peculiar requirements of credit union operation, has received its particular attention.

CUNA Insurance Research Division is prepared to counsel with your credit union and recommend and assist you in securing proper protection to meet your needs through arrangements made with well established insurance agencies. All insurance that is recommended to credit unions by CUNA Insurance Research Division of Credit Union National Association is placed with strong companies having nationwide claim facilities. Insurance coverages are placed by regularly licensed agents, and all bonds and policies are properly executed and countersigned in strict accordance with resident agent laws of all states.

The use of these facilities affords members credit unions the added assurance that their bonds and other insurance contracts meet comprehensive CUNA standards and are written to comply with the requirements of all supervisory authorities and with State and Federal Laws.

Surety bonds covering officers and employees of credit unions may be obtained by credit unions operating in the United States and Canada at the following prices and under the conditions indicated herein. Canadians may remit in Canadian money.

An Honesty bond which as we have

indicated confines itself to dishonest acts costs the insured \$3.00 per year per thousand of coverage.

The Faithful Performance bond which as we have said covers not only dishonesty losses but losses resulting from the failure of the employee to faithfully perform his duties as well may be purchased at the rate of only \$4.00 per thousand per annum.

All Federal credit unions are required to purchase the Faithful Per-

by Tom Doig

formance form of bond. In the following states, state chartered credit unions are required either by law or ruling of the supervising department to purchase this form of bond:

Washington, Colorado, Kansas, Ohio, Massachusetts, Missouri, Oregon, Maine, North Dakota.

The bond in which the bonded person is covered by name is called a "Name Bond" whereas "Position Bond" is the name given to the bond by which the bonded person is covered by position. Under the latter bond, the person who occupies the bonded position is covered automatically. The premium rates for these two forms of bonds are the same. It should be explained that either the Honesty bond or the Faithful Performances bond may be either a Name bond or a Position bond.

The National Association strongly recommends that all credit unions purchase the position form of bond. Under this form if a new treasurer is selected or if the treasurer is temporarily absent and some other person acts in his stead, that other person is covered by the bond.

The minimum premium which will be accepted by the bonding company on any one position or name is \$3.00 for Honesty bond and \$4.00 for the

Faithful Performance bond. Therefore, if a bond of \$500 is required for a year the credit union might just as well buy a \$1,000 bond as it will be charged the same premium. Also if the credit union requires a \$1,000 bond for six months it might just as well buy it for a year or buy a \$2,000 bond for six months as the minimum premium would apply. There are two exceptions to these minimum premiums. Collectors take a minimum premium of \$1.50 for the Honesty bond and \$2.00 for the Faithful Performance bond. Members of supervisory committees bonded as such and not in any other capacity take a minimum premium of \$2.50 for the Honesty bond.

CUNA also strongly recommends that each credit union purchase primary bond coverage in an amount equal to fifteen per cent of its assets.

Most credit unions are small and in such credit unions the treasurer conducts practically all the business personally. Such credit unions need bond only the position of treasurer. For example, I have before me the annual report on the condition of credit unions in one of our larger credit union states. This report shows that 82.53% of the 595 credit unions operating in the state have assets of twenty-five thousand dollars or less. No doubt these 491 credit unions, or the great majority of them, need only a bond on the position of treasurer.

Blanket Bonds

A Credit Union Blanket Bond as indicated by its name provides blanket coverage in one instrument against the hazards most common to the operations of credit unions. This bond covers all officers and employees automatically and provides insurance against dishonesty, robbery, burglary, larceny, theft, hold-up, including messenger hold-up, damage or destruc-

Schedule A. Honesty or Fidelity Blanket Bond
Written only in units of \$2500

Assets of Credit Union	Amount of Bond	Premium	Premium With Misplacement Rider	Premium With Misplacement and Forgery Rider
\$ 0.00 to \$ 25,000.00	\$2,500.00	\$ 56.00	\$ 63.00	\$ 74.20
25,001.00 to 100,000.00	5,000.00	72.00	81.00	95.40
100,001.00 to 200,000.00	7,500.00	88.00	99.00	116.60
200,001.00 to 300,000.00	10,000.00	104.00	117.00	137.80
300,001.00 to 400,000.00	12,500.00	120.00	135.00	159.00
400,001.00 and up	15,000.00	136.00	153.00	180.20

tion, and may by endorsement be extended to provide coverage against failure of employees to faithfully perform their duties, misplacement and mysterious unexplainable disappearance of property and forgery. The cost of this coverage is indicated in Schedule A.

Most credit unions are small and in such credit unions the treasurer conducts practically all the business personally. Such credit unions need bond only the position of treasurer. For example, I have before me the annual report on the condition of credit unions in one of our larger credit union states. This report shows that 82.53 per cent of the 595 credit unions operating in the state have assets of twenty-five thousand dollars or less. No doubt these 491 credit unions, or the great majority of them, need only a bond on the position of treasurer.

As credit unions increase in size more extensive coverage becomes necessary. When credit unions employ assistant treasurers, collectors, etc., and have considerable sums of money on hand and in transit between the credit union office and the bank, it is often expedient and economical for the credit union to purchase what is known as a Blanket Bond.

The supervising bodies in Wisconsin and Indiana require that blanket bonds be written in amounts which compel use of the Schedules B and C, respectively.

Faithful Performance Blanket Bond

The bonding company will write a faithful performance blanket bond *only* if the supervising authority requires faithful performance bond coverage. Since faithful performance coverage is required for all state-chartered credit unions in Colorado, Kansas, Maine, Massachusetts, Missouri, North Dakota, Ohio and Oregon, bond amount requirements and rates shown in Schedule D apply in these states. Faithful performance blanket bond requirements and rates for the State of Washington are shown in Schedule E; those for Federal credit unions are covered by Schedules F.

The Credit Union National Association recommends—1. That the position of treasurer be bonded in an amount equal to fifteen per cent of the credit union's assets as of the previous December 31; 2. That each credit union use a Faithful Performance bond; and 3. That if there is need for robbery, burglary, larceny theft or holdup insurance, the credit union study the possibility of using the Blanket Bond. 4. That all credit unions affiliated with the National Association use the facilities of Cuna Insurance Research Division.

Schedule B. Wisconsin Blanket Bonds

Assets of Credit Union	Amount of Bond	Premium	Premium With Misplacement Rider	Premium With Misplacement and Forgery Rider
\$ 0.00 to \$ 10,000.00	\$2,500.00	\$ 56.00	\$ 63.00	\$ 74.20
10,001.00 to 25,000.00	5,000.00	66.00	74.25	87.45
25,001.00 to 75,000.00	5,000.00	72.00	81.00	95.40
75,001.00 to 100,000.00	7,500.00	82.00	92.25	108.65
100,001.00 to 150,000.00	10,000.00	98.00	110.25	129.85
150,001.00 to 200,000.00	15,000.00	118.00	132.75	156.35
200,001.00 to 300,000.00	20,000.00	144.00	162.00	190.80
300,001.00 to 400,000.00	22,500.00	160.00	180.00	212.00
400,001.00 to 500,000.00	25,000.00	176.00	198.00	233.20
500,001.00 to 750,000.00	30,000.00	196.00	220.50	259.70
750,001.00 to 1,000,000.00	40,000.00	236.00	265.50	312.70

Schedule C. Indiana Blanket Bond

Assets of Credit Union	Amount of Bond	Premium	Premium With Misplacement Rider	Premium With Misplacement and Forgery Rider
0.00 to \$ 15,000.00	\$5,000.00	\$ 66.00	\$ 74.25	\$ 87.45
15,001.00 to 25,000.00	7,500.00	76.00	85.50	100.70
25,001.00 to 50,000.00	10,000.00	92.00	103.50	121.90
50,001.00 to 100,000.00	15,000.00	112.00	126.00	148.40
100,001.00 and up	20,000.00	138.00	155.25	182.85

Schedule D. Faithful Performance Blanket Bonds for Colorado, Kansas, Maine, Massachusetts, Missouri, North Dakota, Ohio and Oregon State Chartered Credit Union

Assets of Credit Union	Amount of Bond	Premium	Premium With Misplacement Rider	Premium With Misplacement and Forgery Rider
\$ 0.00 to \$ 25,000.00	\$2,500.00	\$ 63.00	\$ 70.88	\$ 82.08
25,001.00 to 100,000.00	5,000.00	81.00	91.13	105.53
100,001.00 to 200,000.00	7,500.00	99.00	111.38	128.98
200,001.00 to 300,000.00	10,000.00	117.00	131.63	152.43
300,001.00 to 400,000.00	12,500.00	135.00	151.88	175.88
400,001.00 and up	15,000.00	153.00	172.13	199.33

Schedule E. Faithful Performance Blanket Bonds for Washington State

Assets of Credit Union	Amount of Bond	Premium	Premium With Misplacement Rider	Premium With Misplacement and Forgery Rider
\$ 0.00 to \$ 25,000.00	\$2,500.00	\$ 63.00	\$ 70.88	\$ 82.08
25,001.00 to 50,000.00	5,000.00	81.00	91.13	105.53
50,001.00 to 75,000.00	7,500.00	92.25	103.78	120.18
75,001.00 to 100,000.00	10,000.00	103.50	116.44	134.84
100,001.00 to 150,000.00	10,000.00	110.25	124.03	143.63
150,001.00 to 200,000.00	15,000.00	132.75	149.34	172.94
200,001.00 to 300,000.00	20,000.00	162.00	182.25	211.05
300,001.00 and up according to individual case				

Schedule F. Faithful Performance Blanket Bonds for Federal Credit Unions

Assets of Credit Union	Amount of Bond	Premium	Premium With Misplacement Rider	Premium With Misplacement and Forgery Rider
\$ 0.00 to \$ 25,000.00	\$2,500.00	\$ 63.00	\$ 70.88	\$ 82.08
25,001.00 to 75,000.00	5,000.00	81.00	91.13	105.53
75,001.00 to 100,000.00	7,500.00	92.25	103.78	120.18
100,001.00 to 150,000.00	10,000.00	110.25	124.03	143.63
150,001.00 to 200,000.00	15,000.00	132.75	149.34	172.94
200,001.00 to 300,000.00	20,000.00	162.00	182.25	211.05
300,001.00 to 400,000.00	25,000.00	191.25	215.16	249.16
400,001.00 to 500,000.00	25,000.00	198.00	222.75	257.95
500,001.00 to 750,000.00	30,000.00	220.50	248.06	287.26
750,001.00 to 1,000,000.00	40,000.00	265.50	298.69	345.89
1,000,001.00 and up	50,000.00	310.50	349.31	404.51

by Maurice E. Jones

PEOPLE are real human beings," quotes Herbert E. Evans in his article on personnel policy in last month's BRIDGE. ". . . And because they are real human beings, they can help and be helped . . ." (J. B. Priestly, "Out of the People.")

I think it is particularly important to remember this when dealing with volunteer workers. I am sure, for instance, that much of the success which people have kindly credited to the work of our supervisory committee has been made possible by the spirit of teamwork and the good fellowship which the group enjoyed.

All too often, I am afraid, the work of the supervisory, or auditing, committee is charged off in the minds of all concerned as a necessary but burdensome chore. In these cases it is, at best, an unpleasant duty; and, at worst, a neglected duty.

Personally I have felt that work on the supervisory committee of my credit union offers not only the chance to render a valuable and appreciated public service—and that it not only often provides personally valuable practical experience—but that it also offers much in the way of informal and pleasant companionship with one's fellow workers, not to be gained in regular business hours. Auditing can be fun.

So when I was chosen to head up the supervisory committee of our Gary (Indiana) G. H. L. & W. Employee Federal Credit Union and found myself mapping out in my mind the work of the committee, I immediately began to consider the human considerations involved. I was sure that we would do the work of the committee more effectively and pleas-

Maurice E. Jones was a charter member of the Gary (Indiana) G. H. L. & W. Employee Federal Credit Union, organized under charter number 168, in 1935. He served as vice-president of the credit union for three terms and was president during 1942.

In January 1943 the nominating committee he appointed asked him to accept the nomination to fill a vacancy on the supervisory committee. Since he believed that the supervising committee was not doing quite the job it should, he decided to find out what was so tough about the job. So he promptly found himself not only a member of the committee, but its chairman.

Remarkable upon the gratifying success of his committee, he writes, "I have been fortunate to have the services of some very cooperative members to make our committee function properly."



Here's a supervisory committee proving that auditing IS fun



antly if we were able to demonstrate to not only ourselves on the committee, but to also a number of credit union members, that there were real personal satisfactions to be gained from the work by the individuals participating. It seemed to me that a number of us, including a selected group in addition to the committee, could easily do the job well, especially if the work were well planned, while the committee working alone might be seriously overworked, especially in these burdensome times.

The committee readily agreed with me, so we immediately began to map out our program and to line up our "aides." I am indicating the various considerations we bore in mind in the outline of our audit program which I am presenting later on below. Certain points, however, might well be stressed.

1. The committee and its assistants must be thoroughly impressed with the importance of the committee's work to the credit union. The committee helps safeguards the funds of the organization, and it helps see that the business of the credit union is being run in a business-like way.

2. The audit program must be thoroughly planned and mapped out be-

fore the group gathers to make the audit. This is, of course, an essential auditing rule, but it is doubly essential when volunteer workers are used. I try never to ask a volunteer to show up until I am ready to put him immediately to work. No one wants to sit around doing nothing, for nothing, when he might be riding his hobbies or otherwise enjoying himself.

3. The work should be planned with the abilities of the workers in mind. We enjoy doing what we can do well. If I have to assign a fellow a job that is new to him, I try to break it down and explain it so carefully that the worker soon feels at home at it.

4. The timing of the work sessions should be such that the workers aren't worked to death. Also their other interests and engagements should be carefully considered, so that the sacrifice of time asked of them is not too great. After all these people have full-time jobs beside this one, and other interests.

5. Suggestions from the others should be encouraged and carefully considered. Besides the help that they may be, it helps the morale of the group for it to know that its members' ideas are appreciated.

Top picture—Norma Kent, Mary Ann Pepple, and Janette Echersall.

Bottom picture—J. W. Nienhuys, L. C. LaTourette, O. G. Lugar, Mary Ann Pepple, Maurice E. Jones, Janette Echersall, and W. E. Vance.

The members of the supervisory committee are Maurice E. Jones, chairman; J. W. Nienhuys, secretary; and O. G. Lugar.

The fine encouragement and assistance given the credit union by the company management is exemplified by the work of Mr. Lugar on this committee. He is company Personnel Manager and Paymaster.

6. We try to make our meetings pleasant social occasions, with plenty of good natured fellowship. I usually treat the group to some refreshments during the evening—perhaps a drink or a cigar.

7. The workers should be given generous recognition of their contribution, both by a personal "thank you" and by mention in the official reports.

8. The reports should be presented in detail and with constructive suggestions. These should be reviewed by at least all the members of the committee before they are issued and seen by all those who participated in the audit, so that they will have that tangible evidence of the value of their work.

9. A joint meeting with directors and credit committee members, so that you can discuss with them the best methods of profiting by your audit should be strongly urged.

THE following outline of our program and of our general procedure may be of help to other supervisory (audit) committees. The pictures will introduce us and show how we work.

It should, of course, be borne in mind that this is only an outline, and that parts of it will not apply at all to state chartered credit unions. Every audit, and every group of workers, present particular problems. Planning is essential and important, especially if it is done with the human factors in mind, but most important is the ability to meet the practical problems that come up, squarely and with common sense. This is true whether the problem is a technical one concerning accounting details or credit union operations, or if it is the problem of getting most effective cooperation from one's associates. Not that we have had complete success, but I believe we have made some headway. It is to be hoped that our experience, added to that of others, will help bring the time when the important work rendered by supervisory committees is fully effective, and fully appreciated.

And now, here is the outline of our program:

The Credit Union Audit

I. The Chairman, at least, and all Supervisory Committee members, if possible, should acquaint themselves

quite thoroughly with the following or other credit union printed aids published by the supervising authority.

A. Accounting Manual

B. Manual for Procedure for Supervisory Committee

C. "Sitting in with the Supervisory Committee"

D. Previous Supervisory Committee Audits

E. Credit Union Act

F. By-laws

II. Outline work to be covered in the audit with the aid of Manual for Procedure.

A. Check Cash on Hand after close of business last day of each quarter.

1. Cash should be checked by a member of the supervisory committee without the treasurer being given advance notice of this check.

B. General Ledger.

1. Balance Ledger

2. Check all entries to General Ledger from Daily Cash & Journal Record

3. Check all entries to the Daily Cash & Journal Record

4. Reconcile bank statement.

(a) Check perforations of checks

(b) Check for signature of treasurer and counter signature of president or vice-president

(c) Check for correct endorsements.

5. Check all deposits to see that they are deposited according to the provisions set forth in the By-laws.

6. Recapitulate Receipts & Disbursements for all three months in the quarter to verify various financial statement figures, etc.

7. Verify Interest Received by method recommended in above mentioned manuals.

C. Individual Ledgers.

1. Verify Total Loan and Share Balance to General Ledger.

2. Using sample month, check all entries to Individual Share & Loan Ledgers.

(a) Share Payments & Withdrawals

(b) Loan Payments

(c) New Loan Entries

(1) Note number

(2) Note payment schedule

(3) Note security.

3. Determine Delinquent Accounts according to schedule set forth in manual and also shown on statistical report, form FCU No. 109.

4. Check Pass Books to Individual Accounts, approximately 25 per cent



Maurice E. Jones

each audit (Perpetual audit).

D. Review Notes—All notes the first quarter, only the new notes reviewed succeeding quarters—Final quarter, again review all notes.

1. Check for correct execution of note

(a) Amount

(b) Rate of Interest

(c) Collateral

(d) Signatures.

2. Review Application, compare with note.

3. Check amount of note to credit committee minutes

4. Check for infringements of By-laws and Regulation W.

E. Check Investments—these are usually kept in safety deposit box or some such place for safe keeping and can be checked almost anytime after close of each quarter.

F. Fill out FCU form Numbers 110 and 109, the Audit Report Form & the Financial & Statistical report.

G. Accumulate all working papers and note exceptions listed.

H. Star items on Audit Report Form FCU No. 110, so that additional data as reported in audit will refer to a specific part of this standard form.

I. Have Audit Report, Financial & Statistical Report and additional findings disclosed by audit typed up in several copies so that the board, Credit Committee, and Supervisory Committee may have copies.

III. Select people in addition to your Supervisory Committee to work with you on the audit. This makes shorter and more pleasant work of an otherwise monotonous job.

A. Select people who are willing to help, both men and women.

1. The number will be determined
(Continued on page 210)

THE interest, the direction and guidance a board gives to the credit union will be reflected in exact proportion in the quality of its credit union. The quality of the credit union is of course best measured by the service rendered to the membership.

Service has, I believe, a larger connotation than the popular interpretation given to this word. To one member—and perhaps this is true at the present time of too many members—credit union service means helpful, economical credit or a convenient, safe place to accumulate savings and receive a good return in the form of regular dividends.

Don't misunderstand me; the thrift and credit features of a credit union are tremendously important. We all constantly have economic problems which the credit union can help to solve. But man doesn't live by bread alone. Neither does he live on ideals alone. He does like group activity. He likes to unite with his fellow man particularly so if the cause is a worthy one. Thus the credit union renders another service—it answers man's social desires. It gives him a chance to unite with his fellow employee, neighbor or associate to eliminate common problems and difficulties.

Alphonse DesJardins, the pioneer who organized the first credit union on the North American continent aptly expressed this when he said, "A credit union is an association of people, not of dollars."

The filling of many members' psychological needs is another little-realized benefit a credit union provides. People strongly desire to do things for themselves. They don't like paternalism or charity. Individuals also desire to lead—to give expression to their talents and abilities. There are many, many cases where credit union activity has caused latent talents in individuals to become developed and visible. The recently issued study on *Employee Thrift Plans in Wartime* by the National Industrial Conference Board, Inc., says: "Some companies reported that the credit union had developed a number of potential foremen and leaders among the credit union officials who were given an opportunity to show initiative and leadership." I believe in view of what has already been said that you will agree with DesJardins that: "The people's welfare can best be secured by institutions organized by the people themselves, because these institutions are most likely to possess the characteristics that appeal to the people and therefore the stabil-

ity necessary to perpetuate their services."

The kind of direction given to the credit union by the board, of course depends largely on the ability of the individual members. Therefore, let us briefly review the desired qualifications each director should possess.

Honesty and conscientiousness are essential, but the director should also be unselfish, broad-minded, fair and reasonably aggressive. He should like people—be interested in their welfare and happiness. He should have an understanding of the average worker's financial problems and be sincerely desirous of helping him to help himself through his own organization—his

aid in weeding out the "sitter" on the board who likes the title but does not even lift his little finger to get new members or to say an occasional friendly word for the credit union. All laws under which credit unions operate provide that the membership of a credit union shall elect the board of directors.

THE law and the members authorize the board of directors to determine operating practices and policies, which the members, meeting only annually, could not hope to do efficiently or effectively. They expect them to direct—not to be "yes" men to a strong willed individual, who usually

Suggestions to help directors "DIRECT"

credit union. A leader who has been active in the credit union movement for many years feels that every director should save regularly in his credit union even if it is only 25 cents. He further feels that directors should be also borrowers or have had loans recently from a central or officers' credit union.

It is also important that the director should come from the ranks, should not be higher than a foreman; in church groups, the priest or minister should not be elected to the board. In view of the fact that the president and treasurer are elected from the board and by the board, thought should be given to the ability of the members to preside as chairman at meetings. It is helpful although by no means absolutely necessary that the director to be selected as treasurer has a knowledge or familiarity with bookkeeping procedure.

So much for qualifications. There are a few more which I could add, and so perhaps could you. I think, however, that this list is sufficient and if directors are obtained who possess a majority of these qualities, we would all be more than pleased. It is well to think of these points or qualifications occasionally. It is particularly important to review them when placing nominations (whether from the floor of annual meeting or through nominating committee).

If this were done I believe I could safely assure you that fewer misfits, incompetents and non-interested individuals would be elected to boards. It would also help to bring new blood occasionally into the board. It would

is the treasurer but occasionally is the president. They expect the directors to have minds of their own—to analyze each item fairly and accurately and to cast their vote as their minds and consciences dictate. They expect the board to guide the credit union through decisions of the majority—democratically determined—the American way of doing things.

The members legally expect and should receive at every annual meeting a report from the president as spokesman for the board. This report should be brief yet comprehensive. It should render a true account of the directors' stewardship during the previous twelve-month period.

Most laws require a monthly meeting of the directorate. The board should, however, meet monthly even though it is not required. A definite and regular date and time should be set. This will give directors an opportunity to arrange their personal engagements or duties with that knowledge. There should be a definite program of business to be transacted. Here is a suggested agenda:

1. Meeting called to order
2. Roll Call
3. Reading of minutes of previous meeting
4. Treasurer's report
 - a. Financial
 - b. Delinquent loans and discussion of action to be taken on each one.
5. Secretary's report
 - a. Acceptance of new members
 - b. Reading of communications
6. Other reports (by the chairman if present, or by the treasurer)

7. Report of Credit Committee
8. Report of Supervisory Committee
9. Report of Educational Committee
10. Report of other committees
11. Old Business
12. New Business
13. Adjournment

The chairman should see that the agenda is strictly adhered to and that the discussion is relevant to the subjects before the meeting. People are busy; there is much demand for their time. High caliber directors will lose interest in the credit union and soon resign if their time is wasted at meetings by being compelled to listen to discussions and arguments which have no relation to the business before the meeting.

THE members of the credit union through the law entrust the members of the board of directors with the power to determine practices and policies which will bring the complete program of services and benefits of the credit union to every member in the group who is eligible. This is a big job, but by no means, an impossible one. The credit union laws and by-laws usually describe the scope of the directors' activity as follows:

"The board of directors shall have the general direction and control of the affairs of the credit union. In addition to the duties customarily performed by the board of directors, the board of directors shall:

1. Act upon all applications for membership.
2. From time to time fix the amount and character of, and approve surety bonds required of any persons handling or having custody of funds; and may authorize the payment of the premium or premiums therefore, by the credit union.

3. In Federal credit unions, recommend the dividend rate to the members for their approval or disapproval at the annual meeting. This is also true of most state laws. At the 1942 annual meeting of CUNA, the policy committee recommended and the board of directors of the Credit Union National Association voted to request all credit unions to pay not more than a 3% dividend for the present.

4. Fill vacancies in the board of directors and in the credit committee until the next annual meeting of the members.

5. Employ, fix the compensation, and prescribe the duties of such employees as may, in the discretion of the board of directors, be necessary.

6. Determine the compensation of the treasurer—on a fixed monthly basis (not a percentage). In Federal credit unions the board of directors

recommends a salary for the treasurer to the members for approval or disapproval at the annual meeting. A large number of state acts provide that the membership meeting pass on this item.

7. Determine from time to time the maximum number of shares that may be held by any member; also the maximum amount which may be loaned to any one member.

8. Determine interest rates on loans and deposits.



9. Authorize and supervise investments of the credit union other than loans to the members.

10. Designate the depository or depositories for the funds of the credit union.

11. Authorize borrowing and discounting operations on behalf of the credit union within the limitations prescribed by the Federal or State law.

12. Authorize charge-off of uncollectible loans, based on recommendations of the supervisory-audit committee.

13. Recommend amendments to the by-laws to the members' annual meeting for its approval or disapproval.

14. In the absence or disability of the treasurer or a credit committee member the board of directors may usually appoint from its own number a person to act temporarily.

The above items generally cover a board of directors' range of activities or authority. Some will perhaps feel that the following items are covered in what has been said. In any event, I believe it is well to give additional thought to them.

The power to approve or disapprove loan applications is usually and ideally the sole function of the credit committee. This is proper and must be carefully protected. It is however a distinct duty of the board to be sure (1) that all loan applications are handled promptly and fairly, (2) that the credit union terms are as liberal as other agencies, (3) that the member is encouraged to bring in all his obligations, (4) that the credit union is willing to accept doubtful risks in cases where hardship is involved, (5) that the credit committee does not have numerous restrictions and rules which discourage the members or

make it unnecessarily difficult for them to borrow from their credit union, and (6) that the credit committee does not think that to borrow is a sin. Furthermore, and this is most important, a member's transactions with the credit union are to be treated with the utmost confidence. This is extremely important as it has a tremendous bearing on the success or failure of the credit union.

IN many ways the Supervisory Committee occupies the position in the credit union, insofar as the board of directors and credit committee is concerned, that the Supreme Court occupies in our national government insofar as the Legislative and Executive branches are concerned.

Therefore the board of directors' relation to the supervisory committee is limited to guarding against the Supervisory Committee usurping rights and powers which it does not rightfully have. The board should also see that the Committee makes at least regular quarterly audits, and that its recommendations are given proper consideration and carried out whenever possible. When possible, joint meetings with the Committee should be held and any controversial matters definitely settled by friendly, intelligent discussion.

Delinquencies are a matter which should be considered at every board meeting. If necessary, a committee should be appointed to handle the matter. The board of directors should be sure that a firm but friendly and helpful procedure is used in all instances. Remember that the credit union is the only financial institution which is geared to render the utmost in assistance to its members, assistance which cannot be matched, and we should be extremely careful that we do not overlook this fact and fall into habits and methods used by other less favored agencies.

The board of directors approves all expenditures. Under this heading of course comes borrowers' protection and life savings insurance. The merits of these policies have been no doubt discussed by you many times and you are familiar with the desirability of your credit union's providing this insurance to its members.

THE BRIDGE, for at least all officers and committee members, is an expenditure which brings many times its costs in benefits to the credit union. It gives the managing officers of the credit union the up-to-date information and assistance they need. When they read THE BRIDGE they face their problems with greater assurance, more intelligently and effectively.

(Continued on page 210)

TO the right is shown the inside copy of a 5 x 7 inch folder issued by the Minnequa Works Federal Credit Union of Pueblo, Colorado.

Newton C. Smith, treasurer of this credit union, writes:

"The printing department of the C. F. & I. made up 1000 copies for us at a cost of \$9.40 plus sales tax. The composition is original and shamefully crude—our first attempt, you know. The second edition, I hope, will not be so rambling and unexplicit. On my own time I placed a folder on every desk in the main office, sent some to our Corwin Hospital, Steel Works, Y. M. C. A. and Colorado Supply Division.

"In the main office I passed them out at noon; after work that evening I visited some of the larger departments to see how many folders found their way into the waste paper baskets. I was well pleased to find only two or three. So they didn't pass it off as so much trash. Later, some came to me and stated they had never known of the credit union; while some had it confused with our clerical (labor) union. The total result was not exactly a landslide of new members (these are somewhat difficult times—bonds, etc.) but we obtained about twelve new members within ten days, nearly all savers."

IDEA EXCHANGE

W M. L. BERGMAN, treasurer of the Ussco Chillicothe Employees Credit Union of Chillicothe, Ohio says this about the letters used by his credit union:

"As in most cases, when using promotional material, it is hard to give exact reasons as to what made the new members join the credit union. I can only give you comparative figures.

"Since we have started writing the letters, we have gained twenty-four new members. During the same period last year we received eleven new members. We have sent thirty-eight letters and of the twenty-four new members, thirteen were employed after we started writing the letters. Therefore, we give the letters credit for thirteen new members; nine of them actually looked up the director named and asked to join.

"We feel that is a good percentage, considering that they are also asked to buy War Bonds and that, of course, is given preference.

"The cost is small since it involves only a letterhead, a stamp and the time to type it. We did not have form letters made, because we want them more personal, besides it is only necessary to type one or two a day."

DEAR FELLOW EMPLOYEE:

In 1937 a group of office folk organized the Minnequa Works Federal Credit Union for the purpose of encouraging thrift and to meet the provident needs of our fellow workers. We feel those purposes have been met and continue to give valuable services to all.

Many of you are not acquainted with the Credit Union plan and with this in mind we list a few briefs.

Initiation fee: 25 cents. Each share is \$5.00, but any amount may be invested—5 cents to \$1,000. Pay by cash or payroll deduction.

The payment of dividends, if any, are voted on at our annual meeting of the membership.

All Credit Union funds are deposited in banks, members of the Federal Deposit Insurance Corporation.

The treasurer's books are audited each month by the Supervisory committee and once a year by an examiner from the Federal Deposit Insurance Corporation.

The treasurer is the only paid employee. All other officials serve gratis.

Members may borrow from the Credit Union subject to restrictions set forth in Regulation "W" of the Consumer Credit law. Interest is 1% per month on the un-

paid balance. No "Office Fee." Penalties for delinquent accounts are provided for and can be imposed for cause.

Borrowers are permitted \$50 on their own signature with co-makers or collateral required for amounts over \$50.

Three members known as the Credit Committee have full control over granting of loans.

Surplus funds are being invested in War Bonds, thereby helping our government. We sell Defense Stamps, and also are designated as an issuing agent for the sale of Series "E" War Bonds and Certifying Officer for their redemption.

It will be to your advantage to provide for the payment of income taxes through saving with the Credit Union.

Your savings can always be withdrawn within a reasonable length of time.

The Credit Union is not a function of The Colorado Fuel & Iron Corporation and all business must be transacted at times other than corporation time.

See us before refinancing your existing loans.

The treasurer has his office in the Cost Department, Phone Branch 10, and will accept calls and transact business Monday thru Friday from 12 o'clock noon to 1 p. m., and 4:15 p. m. to 5 p. m.

Buy United States War Savings Bonds and Stamps

Ussco Chillicothe Employees Credit Union

(291 South McArthur Street
CHILlicothe, OHIO)

March 10, 1943

Dear Mr. Hendrickson:

The shoe factory bunch welcomes you as a new member of our organization. Most people find us friendly and cooperative, and we are sure that you will. We try to help each other — that is why we have formed a Credit Union.

We believe that every one wants to save part of his pay every week so we have made it an easy thing to do. In the Credit Union you can have as little as twenty five cents taken out of your pay every week and held for you. You can save any amount you want — and it is available to you any time that you want it — all you have to do is ask for it. Do you realize that if you save only fifty cents that by the end of the year you'll earn dividends on \$26.00?

After you have belonged for six weeks and have \$5.00 invested you can start borrowing. Providing, of course, that you meet the requirements and have a good purpose. Naturally there is a charge for the money you borrow — 1% on the unpaid balance per month. That is the cheapest loan you could get any place.

Who takes care of this? Fifteen people working with you in the factory — voted to their positions once a year by all the other members. How much does this cost you? The entrance fee is twenty five cents and there are no other charges.

Of course there are many other questions that you have. Lowell Gilbert works in your department, he can tell you anything that you want to know about it — and if you want to join he will sign you up. If you haven't met him yet ask your foreman to point him out.

Saving is a good habit to start.

Very truly yours, John McCarty, Sec'y.

SEND YOURS IN—Directors and committees are invited to send samples of their work to the Idea Exchange Editor, The Bridge, Madison, Wis. Send along a note telling briefly how the material was distributed, the number, the cost, and the results obtained.

THE BRIDGE—September, 1943

Company Help Wanted Ads Note Credit Union Benefits

CURTISS-WRIGHT CORPORATION
AIRPLANE DIVISION
BUFFALO, N.Y.
DIRECTOR OF PUBLIC AND INTERNAL RELATIONS

June 28, 1943

Dear Mr. Alderman:

As requested, we are pleased to tell you the reason for our interest in publicizing the Aircraft Federal Credit Union and its operation in our local advertisement for employees.

I know it is recognized by Management that the Federal Credit Union has done a great deal toward helping employees at the plant out of their financial difficulties. This was done in two ways, not only by the loans which are made available to the employees, but also by encouraging them to save part of their weekly pay by depositing it with your organizations. As you are only too well aware, it is extremely difficult for men and women now working on six day shift to find time to conduct their personal business during the hours when Banks are open. The Federal Credit Union here, through arrangements made for deduction by our Payroll Department, allows this money to be saved without any direct action on the employee's part other than to sign the original deduction request.

In times such as these, when the average salary check is much larger than it has been in years past, we all must do everything we can to encourage savings against the leaner years which we may experience in post war future. In this, the Federal Credit Union has played a very important part.

I wish to thank you also for the fine co-operation you have given the matter of handling War Bonds in conjunction with your many other duties. I know the employees join the Management in feeling that the Federal Credit Union is playing a most important part in our all-out effort to win the war.

Sincerely yours,



A. D. Palmer, Jr.

Mr. J. E. Alderman, Director
Aircraft Federal Credit Union
Buffalo, New York

THESE ads from metropolitan papers of Kansas City, Missouri, and of Buffalo, New York, are notable examples of the recognition credit unions often receive from management. The Curtiss-Wright ad, referred to in the gratifying letter above, appeared as part of a full-page display ad.

The personnel manager of National Bellas Hess reports that mention of the employees' credit union in the ads appears to have been very beneficial to the company.

Help Wanted--Female--Cont. 15

35TH-INC
Theater
GIRLS
210
GIRLS
18-35
FOR PERMANENT POSI-
TIONS AS AUDITORS, FILE
CLERKS, ADJUSTORS,
MERCHANDISE EXAMIN-
ERS AND INSPECTORS.
WORK IN PLEASANT
SURROUNDINGS, WITH
THESE BENEFITS: REST
PERIODS, GROUP INSUR-
ANCE, EMPLOYEES'
CREDIT UNION, DIS-
COUNT ON MERCHAN-
DISE, NURSE ON DUTY,
CAFETERIA IN BUILDING.
APPLY DAILY 8 TO 5.

NATIONAL BELLAS HESS
14TH and SWIFT, North Kansas City.

40
EMPLOYEE
CLUDING GROUP
ANCE, REST PER-
EMPLOYEES' CREDIT
UNION, CAFETERIA IN
BUILDING. APPLICANTS
UNDER 18 YEARS BRING
BIRTH CERTIFICATES.
APPLY DAILY 8 TO 5.

NATIONAL-BELLAS-HESS
14TH & SWIFT, NORTH KANSAS CITY.

GIRLS
If you are not employed
in an essential industry, the

Curtiss Workers Find Credit Union Helpful

Another convenience-feature for Curtiss workers that saves them time and serves their financial needs is the Aircraft Federal Credit Union.

Serving both as a bank and as a loan agency, membership is open to any Curtiss-Wright employee and the organization's ample treasury—fully protected under the banking laws—is the property of the depositors.

Each week thousands of Curtiss-Wright workers deposit part of their pay in the Credit Union just as they would in a neighborhood or downtown bank, and draw interest thereon.

From these funds, workers needing an emergency loan may find accommodation at low interest rates. Repayment is by easy weekly installments.

The Credit Union, which has no connection with the Curtiss-Wright organization, is operated by the employees who elect their own directors and officers.

Small wonder that the Credit Union is popular for it saves busy war workers many a trip downtown.

Back Up the Boys

Curtiss-Wright can give you the opportunity to back up the young Americans now fighting our war in battleships around the world. They need planes—and more planes. They need you to help build them.

Directors "Direct"

(Continued from page 207)

League membership naturally entails an expenditure for dues. This is a matter which has been discussed frequently by everyone. The benefits of league membership increase every day. Thousands of credit unions realize that the cost of organization is never so great as the lack of it. These thousands realize that the splendid assistance rendered them most recently on Regulation W by their Leagues and CUNA was due to the fact that they had previously joined hands with other credit unions to make their league and CUNA possible. In the days to come many matters will confront us which can be easily handled if we have the aid of a strong league and national association.

I have left until now the matter of expenditure for publicity and education. To do publicity and education work properly a committee should be set up. This committee should be either appointed by the board of directors or elected by the members at their annual meeting. It should be large enough to represent each unit or department served by the credit union. It should consist mainly of persons who are not represented in the management of the credit union. If possible, it should contain a representative from the board of directors, the credit committee and the supervisory committee. It should be allocated a definite sum for its work. Expenditures for education are a proper item of credit union expense. When the committee is appointed a meeting with the board should be held for the purpose of discussing a program—with immediate and long-range objectives.

The publicity and educational work of an active committee can aid immensely in causing the members of a credit union to use its services and benefits more and to share in the responsibilities and pleasures of managing their organization.

It will also aid in helping members to realize the benefits of democratic group activity and to realize how by utilizing this method they can solve many common problems and help each other to enjoy a happier and fuller life.

The educational committee is an excellent source for material for the directorate, and for the credit and supervisory committees. Leaders do not come from the thin air. They need time to develop. This provides an excellent ladder of progression.

A board of directors which is not regularly represented at all chapter and league meetings is seriously handicapped. It is a matter of com-

mon agreement among leaders of the movement that the best credit unions, judged by all standards, are those which are regularly represented at all credit union gatherings. This is easily understood. For by attending these meetings they get all the latest helpful information, they get the benefit of exchanging helpful, economical ideas with other credit unionists. They get the inspiration, the lift, the idealism which carries them on to greater and greater heights of service to their fellowmen.



Auditing IS Fun

(Continued from page 205)

by the way you split up the work.

(a) Use two people on the General Ledger (see II-B), one of them should be a Supervisory Committee member, not essential but better supervision.

(b) Use either two or four people on (II-C) Individual ledger audit depending upon your particular set up, one of them a Supervisory Committee member.

(c) Use two or three people to review notes (II-D) one of these should be a Supervisory Committee member.

B. Select people to fit the job for best results.

1. If you have bookkeepers, engineers, ex-credit committee members, accountants to choose from, by all means use them; they will prove to be of invaluable assistance.

2. If you do not have these classifications to select from, use other dependable people, and ask them to do a specific job, as laid out in your outline of work to be done. In this way, inexperienced people will know whether or not they can do the job for you, and if they know they can do the job without too much effort, then the job becomes pleasant, and we all like to do a pleasant job.

IV. Prepare working papers in advance of audit; let your previous audit be your guide.

V. Set a specific date and time to start.

A. Do not work too long at a time—better to work two nights, preferably in separate weeks, so as not to burden anyone.

VI. Complete your audit according to your schedule of work to be completed (See II). Give sufficient instructions to your people so that they will know exactly what to look for and what exceptions to list. Show appreciation of their efforts—buy them a

drink or a smoke, etc. Make them comfortable; have everything in readiness.

VII. Supervisory Committee should review completed audit before sending out any of the copies.

VIII. Requests a joint meeting of the Board, Credit and Supervisory Committees to discuss and clarify the findings, suggestions, and recommendations of the Supervisory Committee after the copies of completed audit are distributed.

PARISH Credit Union

(Continued from page 199)

sure the membership will increase as people realize its importance."

Lee J. O'Brien, managing director of the Missouri Mutual Credit League, then spoke. He said, ". . . I am very proud of this credit union. . . . Yours is the first parish credit union in the city. You have done something for all the credit unions in Missouri, in Kansas City, and in the United States. Many credit unions are growing fearful, yet you have a successful credit union inside this short space of time.

"Your president has told you that you have become affiliated with some 10,000 credit unions, and allied with some four million credit union people in the United States and Canada. Those people are sending you their greetings through me. They are holding their meetings this month. . . . The credit union movement has had adversity. Our periods of greatest growth are usually during times of hardship.

"I would like to point out to you members that this is your annual meeting; this is your chance to say what you like about the credit union. If you have anything to say, this is the time to say it. If you have anything to criticize, this is the time to voice that criticism.

"You have a fine set of officers and they have done a fine job. . . ."

I then called upon Miss Connor, who had been active in credit union work for many years, as a field organizer for the Farm Credit Administration and as managing director of the Pennsylvania Credit Union League. She spoke briefly on the need for credit unions so that every self-respecting working man and woman could have access to credit at reasonable rates of interest, so that they could be helped to save small sums of money in order to be ready to meet emergencies when they arise. She stressed the safety of a credit union and pointed out that it is not a charitable organization, but one intended to help working people control their own finances and help themselves.

I then invited questions and discus-

sion from the floor. It was voted to send copies of the minutes of the meeting to Bishop O'Hara.

The next item of business was the election of directors and committee members to fill expired terms. With one exception those whose terms had expired were promptly reelected. The exception was in the credit committee election. Mr. Robert Mullin announced that his work made it impossible for him to continue on the committee.

A contest developed in connection with the election to fill this vacancy, and while the tellers were tabulating the ballots, the choir directress led in singing three community songs, the last of which was an Irish ballad. When I arose to announce the results of the election, Father Flannery, solo voice, proceeded to repeat a chorus of the Irish ballad, and, on a hunch, I called on Father Flannery to give the entire audience the pleasure of hearing him. This brought down the house, and Father Flannery, sometimes dared but never bluffed, came forward and sang a solo, to the keen enjoyment of those present. All joined in on the second chorus.

The counting of the ballots revealed that Miss Georgia Chalfan was the new member of the credit committee.

Fun developed in the drawing for door prizes. The chairman of the Committee on Prizes was given the coffee pot containing the stubs, and Father Lang was asked to draw the numbers. The first number drawn belonged to the chairman of the Committee on Prizes. As if that wasn't bad enough, the next number drawn belonged to his wife. Cries of "fake" and "it's crooked" filled the air, and so the coffee pot was turned over to others in the audience, only to have Father Lang's number come up next. Everyone laughed until it seemed their side must split. After the house quieted, the coffee pot was returned to the original committee, and since the committee had been taken care of, the drawing went on in more orderly fashion.

After the drawing, just before we adjourned, I thanked the members of the Entertainment Committee and the members of the Publicity Committee, and stated that I was proud of all that turned out on such a night so that the business of the credit union could be transacted. (For the record it was noted in the minutes that the thermometer registered eight degrees below zero, and that the wind was blowing at near-blizzard velocity.)

Bound volumes of THE BRIDGE for 1942 are available at \$3 apiece.

Charles Byrne

CHARLES P. BYRNE, genial and hardworking Cuna vice-president and national director, became interested in the credit union movement in 1936 when he was one of the organizers of the Bellico Credit Union, the first of ten credit unions organized by employees of the Mountain States Telephone and Telegraph Company. Mr. Byrne has been working for this company since 1918, and is at present its accounting supervisor. He lives in Denver, Colorado.

He has been a director of the Bellico Credit Union since its organization. For several years he served as its first treasurer. From that position he became successively vice-president and, now, president.

For the past several years he has been a director of the Colorado Credit Union League, of which he is at the present time president, following a term as secretary-treasurer.

He is the BRIDGE national committeeman for the Western states and state chairman for Colorado.

He is married and has one son, who was a practicing attorney in Denver until he joined up for officers training in the U. S. Coast Guards, in which service he is now a lieutenant (j.g.).



The above brief catalog of credit union jobs done, and being done, by Charles Byrne indicates but does not anywhere nearly do justice to the contribution he has made to the credit union movement. From the beginning of his association with the movement, he has been an outstanding example of credit union leader and worker.

What About a Withholding Tax Account?

by Tom Doig

Question (From Illinois): On this July 31st I will be required to withhold 20% on a \$35.00 wage paid each month by this credit union.

Can you give me in detail the accounting procedure to be followed on credit union books in withholding this 20% tax.

Also will you please advise what account I shall need to open in my General Ledger for this withholding tax and what procedure I shall have to follow in making a return to the Collector of Internal Revenue.

Answer: We have a ruling which provides that any person who has more than one employer may apply all of his personal exemptions from the Withholding Tax against the salary received from each employer. Under this ruling, it is unnecessary for you to withhold anything from the \$35-monthly wage paid by your credit union. If you withhold anything, I would suggest you withhold the whole 20%.

If you do not withhold anything, then the party to whom the salary is paid would at the end of the year find

it necessary to take the earnings from the credit union into account in computing his income tax and make an adjustment with the Government at the close of the year.

Should you decide to withhold the whole 20%, the following entries would be appropriate: A check would be drawn for \$28.00 which would automatically result in a credit to the bank account in an amount of \$28.00. Salaries paid would be debited \$35.00 and an account called "Accounts Payable—Withholding Tax" would be credited with \$7.00. At the end of 90 days it would be necessary for you to send a check to the Internal Revenue Collector for your District in an amount equal to the 20% which has been deducted during the previous three months. At this time you would debit the Accounts Payable—Withholding Tax account in the amount of the check and the check would automatically become a credit to the bank. The only account it would be necessary for you to open in your general ledger would be Accounts Payable—Withholding Tax.

Our Readers Write

Bronx Bouquet

To the Editor:

I do hope that this may correct the impression that I am not receiving THE BRIDGE for I know of no more worthy periodical than THE BRIDGE for one who wants to receive information and knowledge of our Credit Union Movement throughout the land.

Jack J. Jacknowitz, Treasurer,
League of Mutual Taxi Owners FCU
No. 1532, Bronx, New York.

Mr. Pro Overlooks

To the Editor:

In the discussion on page 166 of the July issue regarding patronage dividends, Mr. Pro overlooks one of the fundamental principles of the Rochdale Cooperatives, namely that the goods shall be sold at prevailing market prices. If this were so in credit unions, i. e. the same interest rate charged to borrowers as that charged by the loan companies then there would be plenty of profits to take care of patronage dividends. As it is, however, the borrower is already favored by a low interest rate and the saver in many cases does not get enough in-

centive in the form of dividends to keep him saving.

If the credit unions were to operate as Rochdale Cooperatives and return all the profits to the consumers, i. e. the borrowers, there would be no savers and the necessary funds would have to be obtained from the banks. This is what the small loan companies do, and they make a lot of money, so it would probably be a feasible modus operandi, but it would defeat one of the major purposes of the credit union movement, the inculcation of habits of thrift and the opportunity for maintaining these habits among its members.

It is my personal opinion that in the majority of cases the financial benefits of the credit unions are too largely reaped by the borrowers now. In our own case the shareholders are getting less than they would from War Bonds held to maturity.

Very truly yours,

David B. Andrews, President,
General Airline Employees F.C.U.,
Rensselaer, N. Y.

Major Wants Bridge

Tom Doig received the following letter dated June 27, 1943 from Walter Campbell, formerly of Indianapolis and now a major in the Marine Corps, "somewhere in the Pacific."

Before the war Walter was for several years president of the Indiana Credit Union League and a vice-president of Cuna.

"Dear Tom:

"Sure glad to get your letter which was delivered to me one night while I was sleeping in a pup tent. Read it by candle light.

"I imagine the credit unions are having their troubles now with consumer credits reduced and so many people having money, reduction of travel and purchasing of luxuries. However, I hope the credit unions will take these difficulties in their stride and prepare for the days when they again will be the buffer between the working man and his financial difficulties.

"Please excuse this writing. I am sitting on one box and writing on another. My 'desk' jumps around like a rat in a barrel. Also I am just getting over a bad case of cat fever which doesn't help either my writing or my disposition.

"This is a fine country, green fields, nice people and lots to see and do. The only difficulty is that it rains like H— every day and the wind is something terrific most of the time.

Lots of work to do including a couple of long hikes of 40 and 60 miles. Came through O. K. but they bet against me on the second.

"Please send me a copy of THE BRIDGE occasionally so I may know what is going on. Although I am not now active in the credit union movement I still think a great deal of it and have told many people of its good points.

"Well, Tom, will have to close now as I hear the chow call and if you don't get there on time you get the cold made over dishes that are not so good.

"Best regards to yourself and R. F. B. and Charlie Hyland and the others I know around Raiffeisen House."

Walter Campbell.

Most Constructive

To the Editor:

... I think THE BRIDGE is a most constructive magazine. I look forward to getting each copy and have found some very instructive material in the contents.

From comments made by credit unionists during recent visits, I find that the folks who read THE BRIDGE are staunch believers in it and advocate more copies per credit union.

Mrs. B. L. Webster,
Managing Director, The North Carolina Credit Union League, Inc.

Pleasing to Know

To the Editor:

I wish to thank you, in the name of our Credit Union, for a fine presentation of our educational material. It will be interesting to see future pages of the Idea Exchange and discover what others are doing to further the cause of their Credit Unions.

It is pleasing to know that you folks up there are so deeply interested in our efforts. It will be a pleasure to send you our bulletins of future activities as they occur.

Will F. Caldwell,
Chairman, Kemba Educational Committee

"No Credit Union. . . ."

To the Editor:

Please add my name to the list who wish to have the magazine BRIDGE continued. No Credit Union can afford to miss this highly informative publication.

Edward E. Bykonen, Treasurer,
Veterans Administration FCU, Dallas, Texas.

Let the FARM BUREAU solve your Insurance Problems

We are now serving over 500,000 policyholders and want to extend to you our service, which includes the following types of insurance:



Workmen's Compensation

General Liability

Burglary and Robbery

Property Fire

War Damage

Accident and Health

Automobile

Life

Group Life, Accident and Health, Hospitalization and other miscellaneous coverages

We are operating in Ohio, Pennsylvania, New York, North Carolina, West Virginia, Virginia, Vermont, Connecticut, Rhode Island, Maryland, Delaware and District of Columbia.

SERVING BOTH COUNTRY AND CITY
Farm Bureau Mutual Automobile Insurance Company
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Home Office, 246 N. High Street
Columbus, Ohio

There's a Local Agent Near You If You Live in Any of the Above States

12 Checks for 9

Credit unions whose members receive their annual salary over periods covering less than the year are in a position to offer their members a particularly helpful service.

Several teachers' credit unions have demonstrated this to be the case. Their members, who receive nine monthly pay checks during the year, are encouraged to deposit those checks with the credit union. In return they receive each month for the entire year a credit union check for one-twelfth of their salaries.

In this way they have a steady income throughout the entire year, where previously they had found it extremely difficult to avoid financial difficulties during the three payless months. They have shown genuine appreciation of the service the credit union thus rendered them.

In Alberta

At the first annual meeting of the Credit Union League of Alberta, held at Calgary on July 3, it was decided by a vote of 52 to 2 to affiliate with Cuna. After some discussion it was agreed to invite Cuna Mutual Insurance to qualify to write business in Alberta.

The dues for 1943 were set at 6 per cent of interest income in 1942. Directors elected at the meeting were A. M. Munro and C. H. Dredge of Calgary, B. S. Scott of Ponoka, and Jas. Robertson and J. E. Robitaille of Edmonton. Supervisory committee members elected were R. H. Huggett and W. A. Thivierge of Edmonton, and Courtney Scott of Calgary.

After this meeting the directors met and elected the following officers: A. M. Munro, president; Jas. Robertson, vice-president; C. D. Denney, secretary.

Coming Events

September 11, 12

Fourth Annual Columbus Chapter Camp, Camp Wildwood, sponsored by Columbus Chapter, Ohio Credit Union League.

September 11, 12

Meeting Canadian credit unions, Levis University, Levis, Quebec.

September 25, 26

Quarterly meeting, Executive Committee, Credit Union National Association, Inc., New Hotel Jefferson, St. Louis, Missouri.

AFTER LABOR DAY a new credit union year starts! Prepare for it by stocking up on Cuna Supply's credit union

posters

Our present list consists of 31 subjects, covering all seasons and all phases of credit union service.

Each poster is 10½ by 15 inches, beautifully designed and printed in brilliant colors.

We recommend that you select 12 posters so that every month you can have a seasonal poster on your bulletin board. Order now as many of this selected group as you will need for complete bulletin board coverage.

Here's the list:

- 601—"He's Going Places with the Help of his Credit Union"
- 602—"It's Easy to get Ahead—Use your Credit Union"
- 603—"Save for that 'Rainy Day'"
- 604—"Join your Credit Union—Borrow When you Need Money"
- 605—"Your Vacation this Summer—Go the Credit Union Way"
- 606—"Get Your Winter Coal the Credit Union Way"
- 607—"Pay Cash and Save Money"
- 608—"Boy! What a Relief—Free from Debt Worries"
- 609—"Pay Doctor Bills the Credit Union Way"
- 610—"New Car—the Credit Union Way"
- 611—"Xmas Shop the Credit Union Way"
- 612—"Get Your Easter Outfit the Credit Union Way"
- 613—"Credit Union Ownership—By and for Members"
- 614—"School Days"
- 615—"There's no Trick to Thrift"
- 616—"Tackle any Financial Problem through your Credit Union"
- 617—"Credit Union Shares are Double Duty Dollars"
- 618—"Start Now to Plan your Vacation"
- 619—"For Your Personal Defense—Save Regularly"
- 620—"Your Credit Union—Fertile Soil"
- 621—"Cooperation—Each One Working Together"
- 622—"Teamwork Wins"
- 623—"I'm Joining—the Credit Union"
- 624—"Chart a True Course to Security"
- 625—"Buy United States Savings Bonds"
- 626—"You Can't Buy Yesterday"
- 627—"Had Your Cake and Penny Too"
- 628—"Don't Forget to Attend the Annual Meeting"
- 629—"Behind the 8 Ball"
- 631—"This House is Warm"
- 632—"Reporting for Tax Duty"

Poster 600 is a sample, showing 10 posters in reduced size. It is free upon request.

5 cents each, less 20% discount to Member Credit Unions.

Cuna Supply Cooperative

Madison 1, Wisconsin

The war is more than half over.

It's time to boost your credit union!

No man's debts should live after him

Settlement of the debtor's estate through the slow painful process of ordinary administration need never worry the thousands of credit union members who are aware of CUNA Mutual's complete insurance services.

No matter what the nature of your present or future debts . . . a credit union loan, outstanding bills, a note, or a mortgage on your home . . . CUNA Mutual stands ready to provide the borrowing member with life insurance to pay promptly the unpaid balance of the obligation incurred. The deceased's estate is thus left in its entirety for the welfare of his dependents. No man's debts should live after him.

Free leaflets describing CUNA Mutual's complete insurance services are available upon request.

Write us today.

There is No
War Clause in
our contracts!

CUNA MUTUAL INSURANCE SOCIETY
Madison, Wisconsin

Leader Dies

N. J. Pelletier of Minneapolis, Minnesota, died August 19. "Nap," as he was known to his many friends in the credit union movement, was assistant treasurer of the Minneapolis Postal Credit Union. He also served as director of Cuna, and of the Minnesota Credit Union League. While filling the office of president of the Minnesota League, he also was State chairman of the Filene Memorial Committee.

Correction

As the result of the regrettable inadvertence credit for the article "Unobserved Revolution in the Realm of Money," by Gorham Munson, reprinted in the July BRIDGE, was given to the magazine FREEDOM. Credit belongs to the magazine TOMORROW. The illustrator was Nils Hogner.

New Credit Unions in July

Twenty-six new credit unions have been reported chartered in the United States and Canada during July. By states and provinces: Illinois 4; Kansas 1; Louisiana 3; Massachusetts 1; Michigan 1; Missouri 4; North Carolina 1; Ohio 1; Oklahoma 1; Pennsylvania 1; Texas 2; Wisconsin 1; British Columbia 4; and Ontario 1.

Wanted

An expert accountant and statistician. Should be graduate accountant with active credit union experience.

Applicant should give detailed statement regarding: education, employment, credit union connections, and other qualifications. Salary, \$225 per month. Letters of application should be mailed to Cuna Mutual Insurance Society, Madison, Wis.

At the Fountainhead

The room at Levis University where the first credit union in North America was organized will be the scene of the All-Canada Credit Union Convention to be held at Levis, Quebec, September 11-12.



ALTAR BOUND?

SMOOTH the way—before and after—with regular savings in your credit union. And remember, if that isn't enough, you can always call upon a convenient credit union loan, planned specially to fit your needs.



BROKE?

VERY likely a loan from your own credit union, designed to meet your special problem, plus a program of regular savings, would provide the very help you need.



Credit union officials will find the above helpful in preparing informational material about the services their credit unions offer their members. These may be used—either without change or adapted to special uses—in payroll inserts, fliers, blotters, posters, bulletins, advertisements, company house organs, or other appropriate mediums at hand.

The illustrations may be traced on mimeograph stencils,

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reproduced directly by a photo-offset process, or made into line-cuts for the standard letter-press printing.

Each release should, of course, also contain full directions as to when and where credit union service may be obtained. The name of the credit union, its location, its business hours, and any other helpful information should be given.



Restaurants and Cafes



Automotive Businesses



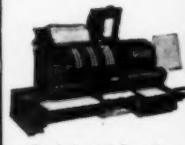
Sales Classification



Cash Sales Records



For General Bookkeeping



For Industrial Payrolls



For Accounts Receivable



For Proof Work in Banks



For Depositors' Checking Accounts

Wherever records are
kept or money is handled,
there is need for some
product of
The National Cash
Register Company

DAYTON, OHIO



We proudly fly the Army-Navy "E" with two stars for "increasing excellence" in the production of precision instruments and other war materiel.

Sales, service, repairs and supplies, and a limited number of new and a large stock of used Nationals are available at our 244 offices in United States and Canada.



For Public Service Billing



For Miscellaneous Posting



For Distribution Work



For Accounts Payable



For Window Posting



Department Stores



Cash and Credit Stores



Drug Stores



Food Stores

